

# **Leadership Behaviors and Culture Dimensions in the Financial Industry**

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## **Abstract**

This paper investigated the relationship between leadership behaviors as well as Hofstede's five cultural dimensions in financial institutions. A questionnaire is collected from 678 employees of Taiwan financial institutions. Leadership behaviors are measured through Bass and Avolio's Multifactor Leadership Questionnaire. Awareness of organizational culture is tested via Hofstede's cultural dimension. Pearson Correlation test reveals that 14 significant correlations among leadership behaviors and culture dimensions. In addition, the relationships

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among all transactional and transformational leadership attributes indicates high levels of transactional leadership associated with higher levels of transformational leadership.

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## **1 Introduction**

Culture has become a very important topic in international business studies (Adams, 2011; Gupta, 2004). Cultural differences influence the leadership behavior. Furthermore, cultural misunderstandings can cause business failures (Aitken, 2007). Schein (2004) notes that investigation of cultural issues assist in understanding what goes on in organizations, and how to run organizations. He states that leaders can utilize the effect of organizational culture to direct subordinates to the highest level of motivation for accomplishing organizational goals. Fairholm (1994) finds that cultural issues are related to leadership studies. Leaders must be able to manage recruitment and retention, regulation, policy and procedure based on the cultural issues in the competitive market. Organizations face problems related to the difficulty in developing trust among employees in different countries and overcoming communication barriers (Clem, 2011; Benito, 2011). Without a sense of trust, members are often unwilling to share their true

beliefs or viewpoints (Crosby, 1997; Dadhich & Bhal, 2008). Therefore, leaders must understand employees' awareness of organizational culture, and modify the organizational culture to achieve organizational goals.

Leadership theories and practices have been studied in various contexts. For leadership to be effective, issues related to an organizational culture have to be identified. Schein (2004) finds that leadership behavior is a part of the organizational culture. Schein (2004) states leadership issues encompass organizational culture, and leaders must be able to adapt to changeable situations. Successful leaders select, pay, promote, and train employees in accordance with cultures (Gupta, 2004). They use various approaches to manage employees. Organizations include members living in different areas, differences in awareness of organizational culture present obvious barriers to the effective functioning of management. These challenges cannot be ignored by the increasing business competition. Therefore, leaders need to learn cultures and use different leadership abilities and management methods in order to survive.

This paper is to investigate the phenomenon and the relationship of the leadership behavior and Hofstede's five cultural dimensions in Taiwanese financial institutions. This study attempts to help managers understand the thoughts of subordinates, to avoid the cultural misunderstanding and to find the correct leadership method for assisting financial institutions. Managers recognize cultural differences; managers will be able to develop realistic strategies and train leadership abilities to manage subordinates in specific geographical areas (Erez &

Gati, 2004). Effective leadership abilities certainly reveal the important cross-cultural issues in maintaining a competitive advantage and in supporting firm performances (Fairholm, 1994). Therefore, businesses must understand the relationship between leadership behaviors and Hofstede's five culture dimensions in order to improve their performances. Hence, this study analyzes two questions:

Research Question 1: Is there a relationship between each of leadership behaviors and each of Hofstede's five cultural dimensions in Taiwanese financial institutions?

Research Question 2: What are the correlations between each of leader behavior attributes?

## **2 Literature review**

### **2.1 Leadership**

Crosby (1997, p. 2) said that, "Leadership is deliberately causing people-driven action in a planned fashion for the purpose of accomplishing the leader's agenda" (p.2). Leadership means that a leader is selecting people carefully and steering them in his direction. Leadership is a clear agenda, a personal philosophy, enduring relationships, and worldliness (Conger, 1998). However, leadership must be done by a leader. "Leadership is the accomplishment of a goal through the direction of human assistants. The man who successfully marshals his human collaborators to achieve particular ends is a leader" (Prentice, 2005, p. 151).

Rost (1993) defines Leadership as "a power and value laden relationship between leaders and followers who intend real changes that reflect their mutual purposes and goals" (p. 102). All forms of leadership must use power. However, power needs are not coercive, dictatorial or punitive to be effective. Instead, power can also be used in a non-coercive manner to orchestrate, mobilize, direct and guide members of an institution or organization in the pursuit of a goal or series of objectives (Burns, 1982; Thomas, 2011). Peters and Waterman (1982) state that "The real role of leadership is to manage the values of an organization" (p. 255). All leadership is value laden. Also, all leadership, whether good or bad, is moral leadership. Leadership is a process of influence which involves an ongoing transaction between a leader and followers (McAlearney Fisher, Heiser, Robbins & Kelleher, 2005; Hollander, 1978). Leadership, however, does not exclusively reside in the leader. Rather it is a dynamic relationship between leaders and followers alike. Leadership is always plural (Kanji, 2008); it always occurs within the context of others. Leaders and followers intend real changes. All forms of leadership are essentially about transformation (Rost, 1993; Keller 2006). Transformation is about leaders and followers intending to pursue real changes actively. Leadership is not about maintaining the status quo; it is about initiating change in an organization instead. The process of leadership always involves a certain number of transactional changes (Hay, 2006).

The important requirement of the leadership process is for leaders to remind the followers to pursue their mutual purposes and goals. Through education and

training, leaders must serve as effective teachers or mentors to make their followers co-responsible in the pursuit of their mutual purposes and goals. Leadership is an extension of the leader's beliefs. A highly personal core competence is only from within the leader.

## **2.2 Transactional leadership and transformational leadership**

The Transactional leadership theory was first proposed by Max Weber in 1947. According to Burns (1982), "Transactional leadership occurs when one person takes the initiative in making contact with others for the purpose of an exchange of valued thing" (p. 19). Bass (1994) proposes three styles of leadership that are transactional, transformational and laissez-faire. Bass (1990) describes transactional leadership is based on the assumptions that followers are motivated through rewards and punishments, and they obey their leaders' instructions. Transaction leaders promise rewards for effort and good performance. The subordinates performed well with a clear command.

Downton (1973) first proposes transformational leadership based on the hypotheses that people follow a person with enthusiasm, vision and energy who inspires them and achieve great goals. Transformational leadership provides a generalization of thinking about leadership that emphasizes ideals, inspiration, innovations and individual concerns. Transformational leaders emphasize the value of the organizations' membership whether they are voluntary or compulsory

(Hoffman, Bynum, Piccolo & Sutton, 2011; Hay, 2006). Conger & Kanungo (1998) describe five behavioral attributes of Charismatic Leaders that involve a more transformational viewpoint: Vision and articulation; sensitivity to the environment; sensitivity to member needs; personal risk taking; performing unconventional behavior. Burn (1982) defines transformation leadership as a method that leaders use charismatic methods to attract followers to the values. According to Burns (1982), “transformational leadership occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality” (p. 20).

Many studies have examined the effects of transactional leadership and transformational leadership. Those studies found that transformational leadership promotes more effective outcomes than transactional leadership (Spreitzer, Perttula & Xin, 2005; Bass 1990). Hay (2006) finds transformational leadership to be effective to active as higher levels of creativity and performance in organizations. Bass (1987) investigates that subordinates who work for transformational leaders are satisfied with their current work than those who work for transactional leaders. Transactional leadership and transformational leadership have dominated the leadership theories since 1980. Burns first clearly defines transformational leadership in 1982. He stated leadership style either transactional or transformational. Transactional leadership found on bureaucratic authority and legitimacy. Bass (1990) define transactional leadership as including two dimensions: contingency rewards and management by expectation. In contrast,

Bass and Avolio (2002) define transformational leadership as including four dimensions that are idealized influence, inspirational motivation, and intellectual stimulation and individualized consideration.

Transactional leadership emphasizes the exchange of rewards for effort or good performance; moreover, this leadership style focuses on managing subordinates by standardizing work, expectations and rules. Transformational leadership provides vision and mission, gains trust and respect. Transformational leaders are able to communicate high expectations, promote motivation, rationality and problem solving, and followers respect and trust the intelligent leaders. Transformational leaders consider each employee individually and give personal attention (Burns, 1982; Avolio & Bass, 1999). Transactional leaders tend to focus on establishing well-defined patterns of organization and managing an accomplishable tasks and efficient business whereas transformational leaders tend to focus on managing an inspired motivation, and individualized consideration. According to Bass & Avolio (1997) transformational is defined as a method in which leaders wish to increase followers' minds of what was correct and motivate followers to perform better. Transformational leadership display leaders' behaviors associate with four characteristics which are idealized influence, inspirational motivation, intellectual stimulation, individualized consideration. In contrast, transactional leadership was based on contingent reinforcement (Burns, 1982). Three elements of transactional leadership which are contingent reward, management-by-exception (Passive), and management-by-exception (Active).



Contingent reward represented leaders achieves an outcome from followers through negotiated exchange and positive reinforcement. Management-by-Exception referred leaders' uses negative feedback, corrective criticism and negative reinforcement to motivate followers to achieve outcomes. The last leadership behaviors is non-transactional leadership or Laissez-fire that mean leaders minimize exchange with followers and allows followers to do their thing with less intervention, or support (Schaeffer, 2003).

A literature view of the research in the field provides evidence that people come from diverse backgrounds, have different philosophies or personalities, and prefer different ways of life; therefore, multinational companies have a lot of implications for leadership. Managers must understand diverse employees, so they can effectively lead employees who come from different backgrounds with diverse beliefs, philosophies or languages. Observing another culture allows leaders to understand the origin of subordinates' thought and to become more sensitive to the needs of subordinates (Herndon, 2005). As subordinates become more diverse, leaders must enhance appreciation for human diversity. By communicating with diverse individuals, leaders can understand the opinions of their followers, and establish a good relationship with followers (Schaeffer, 2003).

Different personalities and cultures can be challenging for leaders. Managers may have a difficult time leading people from devising place (Metha, Dubinsky & Anderson, 2003). Human diversity may cause many conflicts. Therefore, managers should respect for followers' opinions and help subordinates to deal with

the problem instead of blame them. One way to maintain good relationships is to take the time to know all subordinates. When all members familiarize each other, they consider trust as the heart of the organization.

## **2.3 Hofstede's Cultural Diversity**

As with organizational culture, there is no scarcity of theories of cultural diversity. One of these involves cultural dimensions, which compare aspects of different cultures. This section reviews Hofstede's five culture dimensions. Hofstede's (1980) model, the most widely cited, is developed in terms of variances in beliefs and values regarding work goals. This model initially sprang from research at IBM and was first published in 1980. Hofstede's model considers a four-dimensional framework of power distance, individualism, masculinity, and uncertainty avoidance. Later Hofstede and Bond (1988) adds a fifth dimension, long-term orientation. The five culture dimensions are the following:

### **2.3.1 Power distance**

Power distance involves the extent of a society's tolerance for social hierarchy and power structures. Power distance is used to measure the equality or inequality among people in a society. Power and inequality are fundamental aspects of any society, and anybody with some international experience is aware

that all societies are unequal, but some are more unequal than others (Hofstede, 1980). A high power distance culture indicates that inequalities of power and wealth have been allowed to grow within the society. Hierarchy and inequality are fundamental to the culture. Members of this culture depend on their superiors or leaders, and managers in high power distance cultures assume employees inherently dislike work, as in the McGregor's theory X assumption. Thus the leaders of high power distance cultures prefer to adopt an authoritarian management style. Low power distance cultures emphasize less the differences between citizens' power and wealth. Low power distance culture is based on McGregor's theory Y assumption that employees inherently like to work. The leadership style of low power distance culture is decentralized (Hofstede, 1980), and rewards and remuneration are based on performance.

### **2.3.2 Individualism**

The individualist-collectivist dimension is used to measure the relationship between personal freedom and cohesive in-groups. The individualist dimension indicates that individuality and individual rights are paramount within the society. Members of an individualist culture care about their personal interests rather than group interests. Individuals in this kind of society tend to form a larger number of looser relationships and have a great degree of freedom. An individualist culture views members as unique and responsible individuals. As such, the organizations in individualist cultures value employees for their own achievements, status, and

other unique abilities, and employees are not emotionally dependent on the organizations.

The collectivist dimension reinforces extended families and collectives, where everyone takes responsibility for members of their group. Employees in this culture consider the organizational interests over their personal interests (Cullen & Parboteeah, 2005), and so members of collectivist cultures are loyal and responsible for their organizations. Privileged information, desires, and feelings of all members in collectivist cultures are usually spread around the organizations.

### **2.3.3 Masculinity**

Masculinity versus femininity refers to the distribution of roles between the genders. The masculinity dimension describes the differences between masculine societies, where men are concerned with material success as well as the quality of life, and feminine societies, where men and women are equally concerned with the quality of life.

Masculinity emphasizes male achievement, control, power, self-reliance, and material wealth. A high-masculinity culture shows the country has a high degree of gender differentiation. In masculine culture, males are decisive and assertive, dominating a significant portion of the society and power structure, and controlling females. In this culture, working long hours takes precedence over other responsibilities including familial duties. In such cultures, men are expected to act decisively. Men hold long-term careers, while women hold short-term jobs.

A low-masculinity, or feminine, culture means the country has little discrimination and differentiation between genders. In this culture, males and females have equal social status. People in a feminine culture prefer short-term, job-oriented work in which rewards are based on job performance. Feminine culture takes an intuitive decision-making approach, and leaders in feminine culture employ a participative leadership style. According to Herbig and Kramer (1991), feminine culture emphasizes relationships in order to establish trust and friendship in the organizations.

#### **2.3.4 Uncertainty avoidance**

Uncertainty avoidance measures the extent to which members of organizations feel threatened by ambiguity or uncertainty. This includes the values, norms, and beliefs regarding a tolerance for uncertainty. A high uncertainty avoidance culture indicates that the country has a low tolerance for uncertainty and ambiguity; hence the organizations in this culture create a rule-oriented society that emphasizes laws, rules, regulations, and controls in order to minimize the amount of uncertainty, interpersonal conflict, and competition. Members of high uncertainty avoidance cultures feel stress and anxiety when they face risks, uncertainty, or ambiguity. In this culture, members follow organizational norms, values, and beliefs. They are intolerant of deviant people and ideas and avoidance of conflict (Hofstede, 1980). This type of culture tends to have stable work systems and processes. Leaders in high uncertainty cultures tend to give clear

directions to subordinates in order to reduce ambiguity regarding job expectations.

In contrast, a low uncertainty avoidance culture is less concerned about ambiguity and uncertainty and more tolerant of a variety of opinions. Members of low uncertainty avoidance cultures accept risks and are more tolerant of different opinions and behavior. The organizations in low uncertainty avoidance cultures prefer flexibility, autonomy, and freedom, since this culture employs fewer regulations, rules, and supervision. Members of this type of culture also tend to be more person-oriented and nondirective (Cullen & Parboteeah, 2005).

### **2.3.5 Long-term orientation**

Long-term orientation measures the extent of the time orientation of a culture. This orientation describes the balance between long-term opportunity and short-term satisfaction. Long-term orientation focuses on the degree to which a country embraces, or does not embrace, long-term devotion to traditional, and forward-thinking values. A high long-term orientation culture is found in a country that values long-term commitments and respects tradition. This culture supports a strong work ethic of working hard for future rewards. However, business may take a long time to develop in this kind of culture, particularly for an outsider, since members of organizations in long-term orientation cultures are usually quite sensitive to social relationships. Long-term orientation culture is stable and secure; therefore members of this culture seek ways to reconcile conflicting problems with practical solutions. The organizations in this culture tend to hire employees

with backgrounds and personal characteristics appropriate to the organizations (Cullen & Parboteeah, 2005). The organizations are willing to train employees to be more efficient for long-term commitment to their organizations. Leaders in organizations with a long-term orientation culture develop social relationships and obligations in pursuit of long-term success and growth. This type of culture, in short, emphasizes long-term opportunities over short-term rewards or satisfactions.

In contrast, a short-term orientation culture exists in countries that do not reinforce the concept of long-term, traditional orientation and values. In this kind of culture, change occurs frequently (Hofstede, 1980), and the past and present are the time the focus of interest. Since the organizations in this culture focus on immediate rewards rather than long-term opportunities, they invest less in employee training (Cullen & Parboteeah, 2005). Decision making is based on the current situation. As a result, the organizations in this type of culture respond mostly to immediate pressures.

## **2.4 Related studies on leadership behavior and organizational culture**

According to Hofstede's cultural dimensional to determine how a business leader needs to understand to do their job, and lead global organizations. The role of the global business leader becomes more difficult. Practical problems such as

cross border trade, travel and business negotiations are enhanced by cultural and moral defiance, questioning and general unease from those that the global business leader seeks to lead (Darling & Heller, 2011). Since leaders by their definition must have followers, the underlying principle that the global leader must consider is that of managing people, without people to lead the leader ceases to exist.

Indeed, Hofstede's cultural dimensions are very useful in determining how executives, managers, and workers behave in an organization. The higher power distance a culture has, the more powerful authority the executives and managers have. These cultures can be found among South America, East Asia, and South Asia, such as Mexico, South Korea, and India (Hodgetts & Luthans, 2003). Surprisingly, the United States, Canada, and most western European societies have low power distance, which makes their organization more likely to be decentralized, but executives are highly independent and qualified (Hodgetts et al.). According to Hofstede's investigation, societies with higher power distance are more individualistic whereas lower power distance societies are more collective.

Consequentially, leaders in higher uncertainty avoidance societies like Germany, Japan, and Spain are aggressive people and high achievement drivers whereas executives from Denmark and Great Britain are opposite (Hodgetts & Luthans, 2003). Because they are aggressive and high achievement drivers, these executives and managers are long-term orientated. In contrast, leaders with low uncertainty avoidance are short-term orientated. House (2004) suggested that "...



as economic borders come down, cultural borders could go up, thus presenting new challenges and opportunities for business” (p. 5). In some organizations where no leader had been appointed, a leader may emerge based on skills such as knowledge of the area or the ability to speak the native language (Mehta, 2003). Javidan and Carl (2005) indicated that power distance, i.e., The desire to regard members of the society as equals (Hofstede, 1980), is the most important determinant of leadership style. Spreitzer, Perttula, and Xin’s (2005) research examined global business and leadership effectiveness in Taiwan and the United States and produced results which concluded leaders that scored high on setting a vision, appropriate role-modeling, and intellectual stimulation were viewed as less effective by superiors who were more traditional, such as those found in a collective society, than by supervisors that were less traditional. They cite this evidence as a reason for businesses to recognize that valued leadership traits in one society may not be valued in another (Javidan, 2005; Erez & Gati, 2004).

Numerous researches investigated leadership behaviors and culture dimensions independently, also many researchers indicated that a significant correlation between leadership behaviors and culture dimensions (Ford, Rostamy & Taghiloo, 2009; Gray, 2007; Horowitz, 2009). However, little research has been pointed out the specifics of this relationship, limited number of published studies have attempted to carefully examine the specifics of leadership behaviors and culture dimensions relationship (Ogbonna and Harris, 2000; Brooks, 1996). Leadership behaviors and culture dimensions research has been discussed as of

late as: House (2004) Leadership behavior effect a change of organizational culture in a working environment. Ruvolo (2004) leaders' posses abilities and knowledge of organizational culture to achieve organizational goals. Hakimi (2010) indicates that supervisors had a higher level of influence on employee's perceptions of organizational culture that all other managers in the organization. Leadership behavior of supervisors was significantly related to employee's perceptions of organizational culture. Also, supervisors had more in transformational leadership behaviors possessed higher perceived levels of adaptability in their organization compared to transactional leaders. According Sinclair (2009) organizational cultures had an impact on the specific leadership styles. Hodgetts (2003) states the leadership behavior influence the cultures among organizations. Concludes leadership behavior and organizational culture is an important issue for the whole business world during the recent year. Regardless of previous researches, leadership and culture relationship requires more investigation to inform leaders or managers to prepare for the next century.

### **3 Methodology**

This survey research was designed to examine Hofstede's five cultural dimensions and leadership style in a large sample of employees in financial institutions in Taiwan that provide financial services supervised by governmental authority. A total of 678 Taiwanese financial employees completed the multifactor

leadership questionnaire (MLQ) and Hofstede's value survey module (1994).

The first part questionnaire MLQ form developed by Bass and Avolio (1997) identifies three styles of leadership behavior which are transformational, transactional and laissez-faire. The second part questionnaire, Hofstede's value survey consists of 20 content questions based on 5-point scales. This instrument allows scores to be collected on dimensions of national culture. It has been used as part of a national cultural investigation comparing five dimensions of national culture among people of different countries. The five dimensions, power distance, individualism and collectivism, masculinity and femininity, uncertainty avoidance, and long-term and short-term orientation, were developed by Geert Hofstede in 1994. The questionnaire from Hofstede's values survey module (VSM 94) had been tested for Cronbach's alpha with employees from 40 different countries at the IBM Corporation. The first four dimensions showed a significant reliability which were (Power distance index: Alpha= 0.842; Individualism index: Alpha = 0.770; Masculinity index: Alpha = 0.760; Uncertainty avoidance index: Alpha = 0.715). These four values of Cronbach's alpha are all over 0.70 (Hofstede, 1980). The fifth dimension (long-term/short-term) has been used in many reliable studies; thus Hofstede's five cultural dimensions have proven to be reliable (Hofstede, Hofstede, Minkov, & Vinken, 2008).

### 3.1 Research Question 1

What are the correlations between each of leader behavior attribute and each of culture dimensions?

This research question was tested using Pearson Correlation Coefficient. Each of the leadership behaviors was correlated with each of the cultural dimensions.

The primary factor scales in this study included seven perceptions of leadership behavior attributes: (1) contingent reward, (2) active management, (3) passive management, (4) individualized consideration, (5) inspirational motivation, (6) charisma and idealized influence, and (7) intellectual stimulation; and five awareness of organizational culture attributes: (1) power distance, (2) individualism/collectivism, (3) masculinity/femininity, (4) uncertainty avoidance, and (5) long-term/short-term orientation. The Pearson correlation coefficient was used to explore the relationship between the mean of each of leadership behavior attribute and the mean of each of culture dimensions. The relationship of each of the attribute can predict one attribute from another. The intercorrelation among those primary factors in financial institutions in Taiwan indicates that there are 14 significant correlations among the leadership behavior attributes and culture dimension (Table 1). It indicated that each culture dimension affected leadership behavior to a different degree. Power distance had the strongest influence on the leadership behavior. The significant correlations among those factors were described in Table 1.

(1) The mean of contingent reward attributes was negative ( $r = -0.195$ ,  $r = -0.199$ ) and significantly ( $\text{Sig.} = 0.003$ ,  $\text{Sig.} = 0.003$ ) correlated with the means of the power distance and long-term orientation culture dimensions. (2) The mean of active management attributes was negative ( $r = -0.189$ ,  $r = -0.168$ ) and significantly ( $\text{Sig.} = 0.004$ ,  $\text{Sig.} = 0.012$ ) correlated with the means of the power distance and long-term orientation culture dimensions. (3) The mean of passive management was negative ( $r = -0.166$ ) and significantly ( $\text{Sig.} = 0.012$ ) correlated with the mean of the power distance culture dimension. (4) The mean of individualized consideration was negative ( $r = -0.208$ ) and significantly ( $\text{Sig.} = 0.002$ ) correlated with the mean of the power distance culture dimension. (5) The mean of inspirational motivation was negative ( $r = -0.198$ ,  $r = -0.150$ ) and significantly ( $\text{Sig.} = 0.003$ ,  $\text{Sig.} = 0.024$ ) correlated with the means of the power distance and long-term orientation culture dimensions. (6) The mean of charisma and idealized influence was negative ( $r = -0.189$ ,  $r = -0.167$ ) and significantly ( $\text{Sig.} = 0.004$ ,  $\text{Sig.} = 0.012$ ) correlated with the means of the power distance and long-term orientation culture dimensions. (7) The mean of intellectual stimulation was negative ( $r = -0.155$ ,  $r = -0.145$ ,  $r = -0.168$ ) and significantly ( $\text{Sig.} = 0.02$ ,  $\text{Sig.} = 0.031$ ,  $\text{Sig.} = 0.012$ ) correlated with the means of the power distance, uncertainty avoidance, and long-term culture dimensions. However, it was positive ( $r = 0.138$ ) and significantly ( $\text{Sig.} = 0.04$ ) correlated with the mean of individualism. The research finds that power distance had a negative influence on leadership behavior in Taiwanese financial institutions. In other words, the power

distance dimension is a negative predictor of leadership behavior in Taiwanese financial institutions. Taiwanese financial employees recognize managers' libertarian, laissez-faire behavior as leadership ability. Therefore, managers need to learn to give self-managing autonomy to subordinates and respond to human considerations, since their employees respect egalitarianism.

Table 1: Pearson Coefficient in Financial Institutions in Taiwan

	PDI	IDV	MAS	UAI	TLO
Contingent reward	-.195**	.024	-.046	.018	-.199**
Active management	-.189**	.02	-.044	-.104	-.168*
Passive management	-.166*	-.029	-.127	-.127	-.027
Individualized consideration	-.208**	.038	.002	-.106	-.083
Inspirational motivation	-.198**	.005	-.079	-.056	-.150*
Charisma and idealized influence	-.189**	.005	-.004	-.100	-.167*
Intellectual stimulation	-.155*	.138*	-.057	-.145*	-.167*

\*\*Correlation is significant at the 0.01 level (2-tailed).

\*Correlation is significant at the 0.05 level (2-tailed).

### 3.2 Leadership behavior attributes correlations

In addition, the relationships among all leadership attributes were examined using the Pearson correlation coefficient. All relationships among all variables were positive. This indicates high levels of transactional leadership associated with higher levels of transformational leadership (Table 2).

Table2: Leadership Behavior Attributes Correlations

	1	2	3	4	5	6	7
Contingent reward	1.000						
Active management	.621*	1.000					
Passive management	.244*	.274*	1.000				
Individualized consideration	.525*	.527*	.490*	1.000			
Inspirational motivation	.528*	.675*	.459*	.728*	1.000		
Charisma and idealized influence	.401*	.483*	.404*	.809*	.721*	1.000	
Intellectual stimulation	.526*	.535*	.405*	.751*	.734*	.741*	1.000

\*\*Correlation is significant at the 0.01 level (2-tailed).

\*Correlation is significant at the 0.05 level (2-tailed).[

This finding implies that leadership styles are not either transactional or transformational. This finding supports Bass (1994), who explained that a leader could have both transactional and transformational attributes. For example, a manager could inspire associates with individual desires and promise rewards to achieve goals simultaneously. This finding supports Clayton P. Alderfer's ERG Theory, which states that employees pursue existence needs like physiological needs, relatedness needs like social needs, and growth needs like self-esteem simultaneously (Alderfer, 1972). If managers only focus on one demand at a time, associates remain unfulfilled. Managers must understand that associates have multiple demands to be satisfied at the same time, so they can adopt both transactional and transformational leadership styles to effectively motivate associates.

## 4 Conclusion

Based on this finding, the research indicates that power distance had a negative influence on perception of leadership behavior; managers need to learn empowerment and give self-managing autonomy to subordinate. This research provides a tool to help managers understand the relationship of cultures dimensions and leadership so that they can reduce cultural conflicts. In addition, this research finds there are positive correlations between transactional and transformational leadership attributes. Based on this finding, the research indicates that leaders and managers can inspire subordinates with transactional and transformational leadership attributes simultaneously. This finding supports Eppard (2004) in that contingent reward strongly correlates with transformational leadership factors; therefore leaders can adopt transactional and transformational leadership styles at the same time. Understanding what leadership styles are considered to be effective or ineffective in organizations can further the understanding of the organizational culture. In contrast, organizational culture can be predicted with the right instrument for measuring leadership behavior. Managers should learn what efficient leadership is for the target country and modify their leadership style to accommodate to the organizational culture or further the change of organizational culture.



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